



A MONTHLY ELECTRONIC NEWSLETTER TO THE 41st ASSEMBLY DISTRICT
(Including Agoura Hills, Calabasas, Encino, Malibu, Hidden Hills, Lake Sherwood, Oak Park, Pacific Palisades, Port Hueneme, South Oxnard, Santa Monica, Tarzana, Topanga, Westlake Village, Woodland Hills.)

SEPTEMBER 12, 2003 SPECIAL EDITION

Assembly Finishes 2003 Session By Passing Workers' Compensation Reform Package

Without question, the number one issue that I have been hearing about from the businesses in my district since I took office just over two years ago is the desperate need for Workers' Comp reform. Ten years after passage of landmark legislation meant to fix California's troubled system, employers are paying more for workers' comp coverage than any other state, while their injured workers are receiving some of the lowest benefits in the nation.

For months, both the Assembly and the State Senate have been working hard to pull together over 50 Workers' Comp related bills that were introduced into a package of reforms that will actually begin to provide some relief.

Today, I am proud to announce that the Assembly passed a Workers' Compensation package contained in AB 227 and SB 228. They will provide relief for California's employers and greater protections against fraud, while still preserving the rights of injured workers. The bills contain reforms that should reduce costs by \$5 to \$6 billion annually. That represents more than 20% of the cost of the entire system and should produce real reductions in the cost of Workers' Comp insurance.

Insurance Commissioner John Garamendi called these bills "a tremendous, superb start to a complete reform of this dysfunctional system, [and] an important first step." With the passage of these bills, Garamendi says that he will take immediate action to stop a 12 percent increase in premiums due in January and to rollback the 7 percent increase from July. He believes that further reductions may be possible in the future.

These are savings that will make a dramatic difference for the businesses of this state and for the people who work for them. In 1995, the system cost all employers \$9 billion. This year, it will cost more than \$29 billion. The two bills that have been passed will reduce medical costs and provide relief from skyrocketing rates and job losses.

What specific reforms are contained in this package?

- A medical fee schedule that sharply reduces costs for outpatient surgical centers, indexing it to 120% of Medicare. *(Savings = over \$900 million.)*
- Mandatory utilization guidelines governing medical treatments. *(Savings = over \$1 billion.)*
- Limits on chiropractic and physical therapy treatments to no more than 24 per claim. *(Savings = over \$1 billion.)*

(more)

Page 1

- Use of generic drugs unless a brand name has been specifically prescribed.
(Savings = over \$400 million.)
- Replacement of the vocational rehabilitation system with a new supplemental job displacement benefit for injuries on or after January 1, 2004.
(Savings = over \$1 billion.)
- An increase in the maximum fine for workers' compensation fraud from \$50,000 to \$150,000.
- A data base to identify and track fraud.

Next year, we in the legislature will be addressing reform of permanent disability, and a Rand study that is expected in the near future will provide critical information for structural reform.

By this action, we will have kept our promises to businesses, to local governments, and to nonprofits, school districts and all the others who have struggled to stay afloat against the rising tide of medical costs and workers' comp fraud and abuse.

Looking for other ways to help businesses in California and in my district, and especially the smaller ones who have been particularly hard hit, will be a very high priority for me next year.

Assemblymember Pavley's Committee Assignments

Appropriations Committee
 Arts, Entertainment, Sports, Tourism, and Internet Media Committee
 Budget Committee
 Education Committee
 Transportation Committee
 Water, Parks and Wildlife Committee
 Select Committee on Title IX
 Select Committee on California Ports
 Chair, Select Committee on Air and Water Quality
 Chair, Budget Subcommittee #3 on Resources
 Legislative Advisory Committee – Wildlife Conservation Board
 Legislative Advisory Committee – California Coastal Conservancy
 Santa Monica Mountains Conservancy Advisory Board

HOW TO REACH ME:

District Office:

6355 Topanga Canyon Blvd., Suite 205
 Woodland Hills, CA 91367
 Phones: (818) 596-4141 • (805) 644-4141 • (310) 395-3414
 Fax: (818) 596-4150

Capitol Office:

State Capitol
 P.O. Box 942849
 Sacramento, CA 94249-0001
 Phone: (916) 319-2041
 Fax: (916) 319-2141

E-mail: assemblymember.pavley@assembly.ca.gov

Or visit my website at www.assembly.ca.gov

If you know of anyone who you think would like to receive these newsletters, please e-mail their name, mailing address and e-mail address, and I'll be happy to add them to my list.

